

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 AID-05 IGA-02 EB-07 COME-00 TRSE-00
AGRE-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00 DODE-00
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DRAFTED BY EA/TB:LLROCKE/EA:EHHEGINBOTHAM:MGH
APPROVED BY EA:RBOAKLEY
ASIA/EA:MHADLER

-----171003Z 107352 /21

R 162202Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY RANGOON
INFO AMEMBASSY BANGKOK

C O N F I D E N T I A L STATE 140329

E.O. 11652: GDS

TAGS: EAID, PFOR, SNAR, BM

SUBJECT: BURMESE AMBASSADOR REQUESTS COMMODITY LOANS

REFS: A. RANGOON 531, B. STATE 99236

SUMMARY: DURING COURSE OF LENGTHY DISCUSSION ON BURMESE
ECONOMY JUNE 10 WITH DEPUTY ASSISTANT SECRETARIES
HEGINBOTHAM AND OAKLEY, BURMESE AMBASSADOR U TIN LAT
INCLUDED APPEAL FOR COMMODITY LOANS ON LONG-TERM OR
MEDIUM-TERM BASIS. SPECIFICALLY, GUB WOULD LIKE COTTON,
SPARE PARTS FOR TRUCKS AND WATER PUMPS. END SUMMARY.

1. EA INVITED AMBASSADOR U TIN LAT FOR GENERAL DISCUS-
SION OF BURMESE SCENE, BY WAY OF ORIENTATION FOR OAKLEY
AND HEGINBOTHAM. IN CONCLUDING GENERAL REVIEW OF STATE
OF BURMESE ECONOMY, AND IN RESPONSE TO QUESTION OF WHAT
BURMA MIGHT HOPE FOR IN ITS RELATIONS WITH U.S., AMBAS-
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SADOR U TIN LAT CLAIMED GUB NEEDED ASSISTANCE IN DIVERSI-
FYING ITS AGRICULTURAL PRODUCTION AND INCREASING EXPORTS
OF RICE, JUTE, BEANS AND PULSES. AMBASSADOR ALSO CITED
GUB NEED FOR TRANSPORT SPARE PARTS FOR U.S.-MADE VEHICLES
COTTON AND WATER PUMPS, AND WISH TO IMPORT THEM WITH CON-
CESSIONAL FINANCING. HE ALSO SAID LICENSING ARRANGEMENTS
TO MANUFACTURE SUCH ITEMS ARE POSSIBLE. AMBASSADOR ALSO

ALLUDED TO BURMESE NEED FOR FABRICS: ANNUAL DEMAND IS FOR 30 MILLION YARDS OF CLOTH BUT BURMA ONLY PRODUCES 12 MILLION YARDS. AMBASSADOR INSISTED GUB DOES NOT WANT "STRAIGHT FORWARD" AID NOR MILITARY AID. NARCOTICS AID IS NOT CONSIDERED MILITARY AID. GUB SPECIFICALLY WANTS COMMODITY LOANS ON CONCESSIONAL TERMS.

2. AMBASSADOR U TIN LAT REFERRED SPECIFICALLY (AND AT FIRST INCORRECTLY) TO 18 DECEMBER 76 MEETING BETWEEN DEPUTY FINANCE MINISTER MAUNG SHEIN AND AMBASSADOR OSBORN WHEN FORMER REQUESTED COTTON AND SPARE PARTS. (AMBASSADOR LATER CORRECTED MEETING DATE TO 18 FEBRUARY 77. THIS MEETING WAS DESCRIBED REFTEL A.) AMBASSADOR HOWEVER DID NOT REFER TO LATER MEETING APRIL 29 HELD BETWEEN DR. MAUNG SHEIN AND ACTING ASSISTANT AID ADMINISTRATOR ADLER AT WHICH AMBASSADOR U TIN LAT WAS ALSO PRESENT. THIS MEETING WAS DESCRIBED REFTEL B.

3. HEGINBOTHAM ASKED ABOUT GUB FEELINGS TOWARDS JAPANESE ASSISTANCE. AMBASSADOR REPLIED THAT AS JAPAN IS ALREADY BURMA'S MAJOR COUNTRY SOURCE OF FOREIGN ASSISTANCE, BURMA DOES NOT SEEK FURTHER ENLARGEMENT OF ITS ROLE. AMBASSADOR ALSO INDICATED GUB WOULD LIKE TO DIVERSIFY INVESTMENT FROM OTHER FOREIGN COUNTRIES. GUB IS INTERESTED IN JOINT VENTURES SUCH AS THE OFFSHORE DRILLING ONE WITH EXXON.

4. IN ANSWER TO HEGINBOTHAM'S QUERY ABOUT THE FUTURE
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OF GUB ECONOMIC "PRAGMATISTS", AMBASSADOR INSISTED THAT ECONOMIC LIBERALIZATION TRENDS CONTINUE IN BURMA. THE "MAN RUNNING THE SHOW" (REFERRING TO U LWIN) IS STILL RUNNING IT AT A STRATEGIC RATHER THAN TACTICAL LEVEL. AMBASSADOR CLAIMED BURMA'S CURRENT ECONOMIC MESS WAS CREATED BY DOGMATIC PEOPLE WHO SOUGHT TO COMMUNIZE BURMA. THEY WANTED TO NATIONALIZE EVERYTHING, TO CREATE A SOVIET STATE USING THE ARMY AS LEVERAGE. AMBASSADOR CLAIMED ALL THESE PEOPLE ARE OUT NOW. THEY CANNOT HARM THE ECONOMY. AMBASSADOR ALSO CLAIMED THAT UNLESS BURMESE CAN HELP THEMSELVES THEY WILL END UP LIKE THE CAMBODIANS. AMBASSADOR EXPLAINED THAT LAST PEOPLE'S ASSEMBLY SESSION DID NOT PASS BILL ON PRIVATE INVESTMENT, BUT IT IS EXPECTED TO BE PASSED AT NEXT SESSION IN SEPTEMBER. AMBASSADOR THEN SUMMARIZED BURMESE HISTORY OF FAILURE IN DEVELOPING BURMESE CAPITALISM. ORIGIN WAS ASCRIBED TO BRITISH COLONIALS' USE OF CHINESE AND INDIAN AGENTS TO DOMINATE AND WEAKEN BURMESE ECONOMY.

5. IN RESPONSE TO QUERY ON BURMA'S RELATIONSHIP WITH ASEAN, AMBASSADOR CLAIMED BURMA'S RELATIONS WERE EXCELLENT WITH ALL MEMBERS EXCEPT THAILAND WHICH ALLOWS DRUG TRAFFICKING AND PERMITS ARM SALES TO BURMESE INSURGENTS. HE CLAIMED GENERAL KRIANGSAK IS PERSONALLY INVOLVED IN BORDER TRAFFICKING. AMBASSADOR ALSO CONSIDERS ASEAN TO BE JUST A PUBLIC RELATIONS JOB: THERE IS LITTLE GENUINE COOPERATION.

6. AMBASSADOR INVITED HEGINBOTHAM TO VISIT BURMA AND DISCUSS VARIOUS ASPECTS OF ITS ECONOMY. GUB WOULD LIKE AN ECONOMIC MISSION OF SOME KIND. HEGINBOTHAM SAID HE WOULD LIKE TO MAKE A FAMILIARIZATION VISIT, BUT HE WOULD HESITATE TO MAKE SUCH A VISIT IF IT WOULD IMPLY ANYTHING BEYOND PRESENT SCOPE OF U.S.-BURMESE ECONOMIC RELATIONSHIPS.
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7. COMMENT: HEGINBOTHAM HAS TENTATIVE PLANS TO VISIT AREA EARLY JULY. WOULD EMBASSY SEE ANY OBJECTION TO VERY LOW-KEY DETOUR TO BURMA FOR FAMILIARIZATION SINCE HE HAS NO PREVIOUS EXPERIENCE WITH BURMA? ANTICIPATE ANY VISIT WOULD CONCENTRATE ON CONSULTATIONS WITH U.S. MISSION, OTHER FOREIGN OBSERVERS, AND MEETINGS WITH BURMESE LIMITED TO THOSE MISSION CONSIDERS APPROPRIATE. INTER ALIA, HE WOULD SEEK MISSION APPRAISAL OF WHETHER GUB PROGRESS IN ITS ECONOMIC REFORM PROGRAM HAS PROGRESSED TO POINT WE SHOULD SERIOUSLY CONSIDER SOME U.S. ASSISTANCE

CONCEIVABLY INCLUDING PL 480 COTTON OR SUPPORT OF IBRD PROGRAMS. CHRISTOPHER

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